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Public Service Commission

August 4, 2010

John T. Burnett
 Associate General Counsel
 Progress Energy Service Company, LLC
 Post Office Box 14042
 St. Petersburg, FL 33733-4042

STAFF'S FIRST DATA REQUEST

Re: Docket No. 100346-EQ – Petition for approval of second negotiated purchase power contract with Hathaway Renewable Energy, Inc. by Progress Energy Florida, Inc.

Dear Mr. Burnett:

By this letter, the Commission staff requests that Progress Energy Florida, Inc. (PEF or utility) provide responses to the following data requests within fourteen (14) days.

Please answer the following questions regarding Hathaway Renewable Energy, Inc. (Hathaway)

1. Please indicate which State Hathaway was organized in and where it is registered to do business.
2. How many employees does Hathaway currently employ in Florida?
3. Please complete the table describing all facility projects which Hathaway has developed, constructed, operated or maintained.

Project Name	Resource Type	Size (MW)	Payment Type (Fixed or Not Fixed)	Cost of Energy (\$/kWh)	Annual Energy Production (kWh)	Average Annual Availability Factor (%)	Construction Start Date	In-Service Date	Contract Signing Date	Location

4. Please identify any delays in construction experienced by above-referenced projects.
5. Please identify and discuss, if any, project(s) which Hathaway contracted for with regard to

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the development, construction, operation or maintenance of an electric generator but did not complete.

6. Has Hathaway obtained a fuel supply contract for this proposed project?
 - a) If so, with whom?
 - b) What is the duration of this contract?
7. What is Hathaway Renewable Energy, Inc.'s timeline to purchase the equipment intended for this project?
 - a) Please identify from whom and from where will this equipment be purchased?
8. Will Hathaway outsource any of its contracted obligations, such as engineering, procurement, and construction of the proposed facilities? If yes, please identify the entity that will provide these services.
9. Has Hathaway obtained any financing for the proposed project? If so, please explain.
10. How many new jobs would be created in Florida during the construction and operation phase of the proposed Facilities?
11. Please describe Hathaway's experience with facilities that utilize fuel cell/CT technology.

Please answer the following questions regarding PEF's Contract 2.

12. Using the identical parameters assumed in Exhibit B of the petition filing, please complete the table provided, adjusted to compare payments to Hathaway Biomass under Contract 2 to PEF's 2010 Standard Offer Contract.

\$000	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	# of months	Contract Energy MWh	Contract Capacity Payments \$	Contract Energy Payments \$	(3) + (4) Contract Energy & Capacity Payments \$	Contract Cumulative Payments \$	Avoided Capacity Payments \$	Avoided Energy Payments \$	(7) + (8) Avoided Energy & Capacity Payments \$	Avoided Cumulative Payments \$	(9) - (5) Difference from Contract \$	(10) - (6) Cumulative Difference from Contracts \$
Units		MWh	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Year												
2010	0											
2011	0											
2012	0											
2013	12											
2014	12											
2015	12											
2016	12											
2017	12											
2018	12											
2019	12											
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2027	12											
2028	12											
2029	12											
2030	12											
2031	12											
2032	12											
2033	12											
2034	12											
2035	12											
2036	12											
2037	12											
2038	12											
Total	300											
NPV 2010\$												

13. Please discuss PEF's method for calculating Net Present Value (NPV) for the contract with Hathaway. Please include equations used and assumptions made. Additionally include discount rates utilized for each year.
14. Please explain on what basis PEF assumed a 94% capacity factor in calculating annual energy production.
15. Please provide the path schedule/timeline for permitting and construction of each proposed facility. In your answer, please include all critical deadlines, including but not limited to: Land Acquisition, Zoning, Permitting (such as those relating to Zoning, Construction, or

Water Use), Construction, Testing, Transmission, and Delivery of Capacity, and identify any events that have been completed.

16. On page 2 of the petition, PEF states that it used the 2010 Ten Year Site Plan fuel forecast to calculate the NPV for the contract. For the years 2020 through 2038, what forecasted fuel prices did PEF use to calculate the NPV? Please explain.
17. Please explain why PEF believes that the fuel price forecast used to calculate the NPV of the contract is reasonable.
18. At the time the petition for Contract 2 was filed, the location for the proposed facility was not yet established. Will the filings for Contract 1 and Contract 3 affect the projected fuel costs in this docket, and if so, please explain how has this been accounted for in the projected costs overall.
19. Please describe any events that may delay or accelerate key milestones that determine the commercial in-service date of the proposed facilities.
20. Please provide a comparison of the contract NPVs using prices 15% above and 15% below the fuel price forecast used by PEF for the contract.
21. Describe in further detail the security provisions of this contract that will protect PEF ratepayers if Hathaway fails to perform.
22. Please explain the reasoning determining the specific amount of Letter of Credit security required to be maintained by the Seller. Please explain why this amount is reasonable.
23. Please provide information, if any, of greenhouse gas emission monitoring methods and annual projections of these emissions for the requested facility.

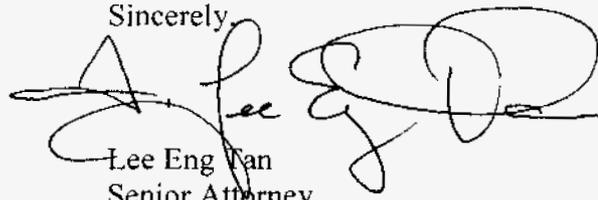
Please provide the following documents.

24. Please provide a copy of all contracts outsourcing engineering, procurement and construction of the proposed facility, if any.
25. Please provide a complete copy of the fuel price forecast used to calculate the NPV for the entire term of the contract.
26. Please provide any documentation supporting Question 22.
27. Please provide any documentation supporting Question 23.

Staff recognizes that there is the possibility of duplicative answers because of the companion filings in Docket 100345-EQ and 100347-EQ. PEF may wish to answer in only one docket; if so, please indicate in your response which docket the requested information is located.

John T. Burnett
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Please file the original and five copies of the requested information by Wednesday, August 18, 2010, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6185 if you have any questions.

Sincerely,

Lee Eng Wan
Senior Attorney
Office of the General Counsel

TLT/gdr

cc: Office of Commission Clerk (Docket No. 100346-EQ)
Kevin W. Hathaway, Hathaway Renewable Energy, Inc.
Office of the General Counsel (Brown)
Division of Regulatory Analysis (Victor Ma)